

Message Text

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ACTION EUR-25

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C O N F I D E N T I A L USNATO 0311

E.O. GDS, 12/31/80

TAGS: MCAP, NATO

SUBJ: BURDENSARING - DATA ON MILITARY PROCUREMENT

REF: A) STATE 012584; B) USNATO 0218; C) STATE 005616

SUMMARY: MISSION PLEASED REPRESENTATIVES FROM NSC
INTERAGENCY WORKING GROUP PLANS VISIT BRUSSELS FOR CONSULTATION
WITH USNATO AND ECONOMIC DIRECTORATE. ALLIED REPS HAVE BEGUN
TO GATHER DATA FOR DIRECTORATE ON MILITARY TRANSACTIONS COMPLETED
BY PAYMENT DURING THIS FISCAL YEAR. EARLY VISIT
BY INTERAGENCY WORKING GROUP REPS WOULD HELP ACHIEVE
POSITIVE PROGRESS REPORT TO NAC BY END OF JANUARY. END SUMMARY.

1. NATO ECONOMIC DIRECTOR HAD SECOND INFORMAL MEETING WITH
REPS ALLIED DELGATIONS JANUARY 18 TO REVIEW PROCEDURES FOR
IDENTIFYING AND QUANTIFYING MILITARY PROCUREMENT WHICH MAY BE
CREDITABLE AS OFFSET UNDER JACKSON-NUNN. ALLIES' QUESTIONS RE
THEIR EFFORTS TO COMPLETE QUESTIONNAIRE
ON MILITARY PURCHASES (REF B) CENTERED AROUND WHETHER THEY
SHOULD SEEK TO IDENTIFY ONLY TRANSACTIONS COMPLETED BY CASH
PAYMENTS OR WHETHER ORDERS FOR MILITARY PROCUREMENT WOULD
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ALSO BE CREDITABLE UNDER US LAW. FRG REP (WHO ATTENDED MEETING
AT REQUEST ECONOMIC DIRETOR) SAID THAT THIS WAS OF COURSE
MATTER TO BE DETERMINED BY USG AUTHORITIES INTERPRETING US
LAW. BASED ON PAST US-FRG BILATERALS, HOWEVER, FRG REP SAID

ONLY SETTLEMENTS (E.G., PAYMENTS ENTERING THE BALANCE OF PAYMENTS) WERE LIKELY TO BE COUNTED.

2. USNATO ECONAD, AT MEETING AS OBSERVER, SAID THAT USG WORKING GROUPS WERE ATTEMPTING TO DEFINE PAYMENTS CREDITABLE AGAINST MILITARY BOP DEFICIT FOR PURPOSES OF JACKSON-NUNN, BUT HAD REACHED NO FIRM DEFINITION (REF C). HE NOTED THAT WHILE THERE WAS THE LEGAL CONSIDERATION OF SATISFYING INTERPRETATION PLACED BY US AUTHORITIES ON JACKSON-NUNN AMENDMENT, THERE WAS ALSO THE BROADER POLITICAL QUESTION OF CONGRESSIONAL INTEREST IN CONTRIBUTION OF EUROPEAN ALLIES TOWARD AN EQUITABLE BURDENSARING ARRANGEMENT. HE SUGGESTED PERSONALLY THAT, AS A PRACTICAL APPROACH, ALLIED REPS ATTEMPT TO GATHER TWO SETS OF STATISTICS. FIRST WOULD BE TRANSACTIONS COMPLETED BY SETTLEMENT IN FY 74 WHICH, DEPENDING ON TYPES OF PURCHASES CONSIDERED BY USG AS MILITARY PROCUREMENT, WOULD CLEARLY BE CREDITABLE. SECOND SET OF FIGURES COULD BE ORDERS BEING PLACED ON WHICH PAYMENT MIGHT NOT RPT NOT BEGIN OR BE COMPLETED BEFORE END OF FY 74. ALTHOUGH USG WG MAY DECIDE THAT TRANSACTIONS REFLECTED BY THE LATTER DATA ARE NOT CREDITABLE AS PROCUREMENT IN THIS FISCAL YEAR, THEY WOULD UNDOUBTEDLY HELP DEMONSTRATE GOOD INTENTIONS AND THE EFFORTS OF EUROPEAN ALLIES TO THE BURDENSARING PROBLEM.

3. ECONOMIC DIRECTOR AND ALLIED REPS ALL EMPHASIZED DESIRABILITY OF EARLIEST POSSIBLE CONSULTATION WITH REPRESENTATIVE OF US AUTHORITIES ON INTERPRETATION OF RECEIPTS UNDER JACKSON-NUNN, IN ORDER TO REPORT DEFINITE PROGRESS TO COUNCIL BY END OF JANUARY. THIS, IN TURN, COULD BE USEFUL FOR PRESIDENT'S FEBRUARY 15 REPORT TO CONGRESS.
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